

August XX, 2015

Mr. Michael Montgomery
Acting Director, Water Division
United States Environmental Protection Agency – Region IX
75 Hawthorne Street, WTR-3
San Francisco, CA 94105

Subject: FY2015 UIC Program Grant Funds for Grant No. G-009216-15-0

Dear Mr. Montgomery:

On September 3, 2014, the Department of Conservation's Division of Oil, Gas and Geothermal Resources submitted a UIC grant application to the EPA for federal fiscal years 2015 and 2016 in the amount of \$1,618,666. This amount included estimated federal grant allocations of \$607,000 for each of FY15 and FY16 and state matching funds in the amount of \$203,333 per year.

Subsequent to our submittal of this grant application, our two agencies have discussed the use of the UIC funds for this fiscal year to support the state's substantial Class II aquifer exemption workload. Specifically, the Division acknowledges that EPA will be withholding the FY2015 UIC program grant in the amount of \$524,000 in lieu of awarding these funds to the state. We understand that these funds will be used by EPA to provide technical support for the review, evaluation, and approval of aquifer exemption packages. Over the next year, the state expects to submit a large number of aquifer exemption requests and these funds will ensure that EPA can review the aquifer exemption packages and respond to the state in an efficient and timely manner. Additionally, these funds may be used to support the state in working with operators to develop and submit aquifer exemption requests.

If you have any questions, please feel free to contact Jerry Salera at (916) 323-1781 or by email at jsalera@conservation.ca.gov.

Sincerely,

Steven R. Bohlen
State Oil and Gas Supervisor
Division of Oil, Gas and Geothermal Resources